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THE MIDDLE EAST: 1976

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A REPORT

BY

SENATOR ADLAI E. STEVENSON

TO THE

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS UNITED STATES SENATE

ON HIS

STUDY MISSION TO THE MIDDLE EAST CONDUCTED BETWEEN FEBRUARY 10 AND FEBRUARY 25, 1976

APRIL 1976

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LETTER OF TRANSMITTAL

U.S. Senate,
Washington, D.C., April 5, 1976.

Hon. William Proxmire,
Chairman, Senate Committee on Banking, Housing and Urban Affairs, Washington, D.C.

Dear Mr. Chairman: There is transmitted herewith a report of a study mission to the Middle East conducted between February 10 and February 25, 1976, by the undersigned, a member of the Committee on Banking, Housing, and Urban Affairs, and Chairman of the Subcommittee on International Finance.

The most significant purpose of the mission was to obtain an assessment of political attitudes in the Middle East and of prospects for a settlement of disputes in an area of the world which is of particular interest to the Committee because of its quantum leap in economic power during the past several years.

During the two-week journey I visited the capitals of Egypt, Saudi Arabia, Syria, Lebanon, Iraq, Iran, and Israel. With only one exception I was received in these countries with marked friendliness. I am grateful for this, as I am for the frankness of the conversational exchanges with leading officials.

I would also like to express my thanks to the Foreign Service Officers, both in the Department of State and at our Diplomatic Missions in the countries visited, who helped me unstintingly with their time, energy, and expertise. Without this support it would not have been remotely possible to crowd so much direct contact with government leaders into so short a time. They do their work with infectious enthusiasm, even under the most trying of circumstances. The Middle East, in parts of which living conditions are difficult and sometimes dangerous, has attracted some of the very best officers in the Foreign Service.

I was fortunate to be accompanied on this trip by William A. Buell, a member of my Senate staff and former Foreign Service Officer. He was of inestimable help in making the necessary arrangements, keeping notes, and preparing this Report.

I hope that this Report will be helpful to members of the Committee and to the Congress in their consideration of legislation affecting a tumultuous area of the world of the gravest importance to our own security and well-being.

Adlai E. Stevenson.

THE MIDDLE EAST: 1976

Report by Senator Adlai E. Stevenson on His Trip to the Middle East, February 10 to February 25, 1976

One returns from an intensive journey to the Middle East with the uneasy feeling of having obtained fewer answers than additional questions. The mission had several objectives:

(1) To discuss with Middle Eastern officials U.S. anti-boycott and foreign investment legislation reported by the Committee on Banking, Housing and Urban Affairs. A message to be imparted to Arab Governments was that, while we wish to expand foreign investment in the U.S. and our trading relations with their countries, interference in the relationships between one American firm and another (e.g. the tertiary boycott) is an unacceptable intrusion into our domestic affairs.

(2) To obtain the views of Middle Eastern leaders on world energy problems, including nuclear energy as well as hydro-carbons, and the enormous transfers of national income resulting from oil price increases. This inquiry led into such areas as OPEC oil pricing, the possible neglect of natural gas resources, and the dangers of nuclear proliferation.

(3) To gain an appreciation of changes in the strategic equation brought about by expanding Soviet influence in Africa, the Middle East, and South Asia, and the translation of billions in petro-dollars into modern weapons—particularly in the Gulf States.

(4) Finally, and most urgently, to obtain an assessment of political attitudes in the Middle East bearing upon prospects for a long-term settlement of the Arab-Israeli conflict. This is an area of the world in which U.S. interests are important and the dangers to world peace are more extreme than anywhere else. Without a broad understanding of the motivation and objectives of Arab, as well as Israeli leadership, the Congress is ill equipped to pass judgment on expensive foreign military and developmental aid programs and on political commitments of serious consequence to all Americans.

Because of unique ties, the tiny, beleaguered, courageous state of Israel has enjoyed a generation of unquestioning support from the United States. Cultural affinity, resulting from common European roots and a shared dedication to democratic principles of government have made Israel one of the world's best known nations to Americans.

But we do not know the Arab world. Until war, the oil embargo, and dizzying increases in the price of oil forced the Arab world upon the American consciousness, many either ignored Arab aspirations or dismissed them as uniformly malign.

SOME COMMON DENOMINATORS

In terms of economic and social development, of political organization, and of national policy objectives there seem to be no two Middle East countries alike. The cities of enormously wealthy Saudi Arabia

appear strikingly poorer than those of Syria, yet the Saudi per capita income is twenty times as high. Some are stridently, militantly anti-communist, while others call themselves Arab-Socialist and accept the Soviet embrace. Enmity between some, such as Iraq and Syria, is as deep-seated as between Arabs and Israelis.

It is possible, however, to pick up common threads. Middle Eastern governments show every indication of wanting improved relations with the United States. Iraq was an exception, but even Iraq is eager to expand trade. (A partial list of persons called upon during the trip is in Appendix A to this report.)

These governments are interested first and foremost in internal development and profess to seek the peaceful environment necessary to make this development possible. The degree to which they are willing to compromise in the search for an enduring peace is another story.

All set the highest value on American technology and are prepared to pay a premium price for the best in planning development projects. The market potential for American goods and services is enormous.

All Arab governments insist upon the right to employ the boycott as a "nonviolent" instrument of warfare against Israel. Most make threatening noises over the possible effect on U.S. exports to Arab markets of certain U.S. legislation now pending. However, boycott standards are variously applied. Description of the legislation seemed to correct the misconceptions of many officials over the intent and scope of the legislation.

With few exceptions, Middle Eastern leaders dealt apprehensively with the question of Soviet intentions in the Middle East. They give the impression that fear of Soviet imperalism is related to the growing assumption that the United States, traumatized by the Vietnam experience, will move only with caution and perhaps not at all to counter aggressive Soviet moves. The Angolan affair was mentioned repeatedly in this connection.

With respect to Israel, the common Arab denominator is elusive. Understandably, countries with territorial grievances such as Syria for its loss of the Golan Heights in 1967, put the recovery of these territories first on their list of priorities. The level of militancy is in some degree related to geographic proximity to Israel, although the most implacably hostile sentiments were heard expressed in Iraq which has no common border. All were united, however, in the view that no final settlement of the Arab-Israeli conflict could be considered which did not include provision for the Palestinians. Furthermore, there is near-universal opinion that the step-by-step apprach to a Middle Eastern settlement is a dead letter. The Sinai Accord—while it may have brought a breathing spell—moved the conflicting parties further away from, rather than closer to, a final settlement. There is also widespread agreement, particularly outside of Egypt, that it had cost Egypt its prestige and leadership in the Arab world, and that Sadat has placed himself in an extremely difficult position by putting all his eggs in the American basket. Some sources expressed doubt over his survival.

Communication in the Middle East often proceeds on separate public and private planes. The former is frequently shaped by motives which have little to do with the communication of truth. A public

discourse, highly vocal and pitched to internal expediencies, awakens external hostilities which become progressively more immune to reason. The rhetoric of the Middle East, some of it heard in the U.S., enlarges for all its passionate participants an already large and dangerous conflict. An outsider is struck by the convergence of interests recognized in private and concealed in public. A peaceful resolution of the differences in the Middle East will require the intercession of outside influences uninflamed by imagined, as well as real, differences.

A review of conversations with Middle Eastern leaders and impressions otherwise gained over the years, country by country, will give an idea of the diversity of problems and the complicated balancing act which U.S. policy must comprehend in order to maintain sound relations with each party and help move the situation from the common interests of all toward peace. A discussion of the Palestinian issue, based upon conversations with PLO leaders in Damascus and Beirut and subsequently with the Israelis, will be found below under a separate heading; conclusions follow at the end.

Egypt

It was disappointing not to see President Anwar Sadat, ill with the flu, to hear directly from him the catalogue of problems which other Egyptian officials say he faces. In accepting the last provisional Sinai Accord and throwing in his lot with Secretary Kissinger's step-by-step approach to a Middle Eastern solution, Sadat burned his bridges not only with the Soviet Union but with Syria and other Arab states at the radical end of the spectrum. While there is said to be considerable public support from his war-weary people, Sadat will have to show that tangible economic benefits will flow—and soon—from his new policies.

At 38 million, Egypt has the largest population, doubled since 1947, of any Arab country and inadequate resources with which to feed, house, and clothe its people. Faced with a serious shortage of consumer goods in early 1974, the country plunged into short-term, high-interest debt of over $1.5 billion which matured in late 1975. Despite outside help, including large cash grants from some oil-rich Middle Eastern governments, a serious liquidity problem persists.

The only encouraging aspect of the economic picture is fuel. With the return of its Sinai fields, Egypt now enjoys an equilibrium of imported and exported petroleum products and hopes to be producing crude at the rate of a million barrels a day by 1980. Red Sea or Mediterranean littoral exploration rights have been granted to a number of American companies.

Egypt will be dependent upon outside sources in the immediate future not only for economic but for military assistance. The latter may also be critical to the survival of Sadat's moderate government. His shift in course has drawn the opposition of a number of disparate elements of Egyptian society: the extreme left, including the former Egyptian Communist Party; the Nasserists in charge of the mismanaged public sector of the economy who fear the competition of Sadat's "open door" approach to economic development; and the Moslem traditionalists who regard Sadat's policies as anti-Islamic. However, none of these elements could pull off a coup without support from the military officers. It is within the military sector that the

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greatest danger lies. An army without functioning tanks and an air force without flyable aircraft does not make for a contented officer corps. The air force is virtually grounded, with such MIGs as are serviceable only flying six hours a month. The Soviet Union has provided no major equipment since May of last year and has refused to continue with the maintenance of engines for the MIG 21's and 23's. A measure of Egyptian desperation is the unsuccessful effort to negotiate a maintenance contract with India and to purchase engines from the People's Republic of China. (The PRC was reputed to be willing to give Egypt 20 engines only, refusing sales on grounds that it is contrary to PRC policy to sell arms abroad.) Egypt is now seeking to purchase in the West engines which can be adapted to the MIGs.

The United States is under pressure to sell Egypt military hardware for which Saudi Arabia will put up the cash. Congress has already been approached by the Department of State concerning a request for the sale of six C–130's. This is only a beginning. The Egyptians have also expressed interest in F–5–E's, Tow missiles and naval equipment. Such requests can be expected to touch off a debate similar to the one stirred by the Hawk Missile contract with Jordan.

Some influential Egyptians are outspokenly bitter over the position in which Sadat's acquiescence to U.S. policy objectives has placed their country. One such is a former leading editor who fell out with Sadat over the two Sinai Accords. Some of his charges are sophistry, but they are echoed in the Arab world, although not published in Egypt.

Here are some examples:

(1) Egyptian status and authority among the Arab countries has been reduced. Egypt is looked upon as having been "bought" by the United States. Critics cite as proof Egypt's refusal—at U.S. urging—to vote for the MPLA as representative of Angola at the January OAU meeting. (Senior Egyptian officials are privately unhappy over this move, maintaining that it dealt a severe blow to their claims to African leadership.)

(2) The new relationship with the United States, taken together with economic policies which have encouraged the growth of the private sector, is a course which risks revolution. On the one hand, neither U.S. Government assistance nor U.S. private investment will be of a magnitude to trickle down to the majority of the people. On the other, the new economic policies are of benefit to a small number of upper class Egyptians, and corruption is on the increase. The political consequences of disappointed expectations are worrisome.

(3) The United States cannot be counted upon for arms deliveries on a scale to match the Israeli build-up. Even if Egypt got F–5–E's, they would be no match for the F–4's already in the Israeli Air Force. This situation will create a dangerous imbalance.

(4) Rather than the Sinai Accords, an effort should have been made to arrive at an overall settlement with the participation of the Soviet Union and all affected Arab countries, particularly Syria. A provisional agreement affecting Syria's interests without Syria's participation was a grave error.

(5) The great powers missed a chance for a settlement in the aftermath of the October War. There was a significant change in the psychological climate on both sides. Israel was no longer saddled with a sense of superiority, and the Arab world lost its sense of inferiority.

(6) Egypt's loss of central authority in the Arab world has resulted in a dispersal of authority to many centers. This leads to dangerous instability.

Some of these views are echoed by senior Egyptian officials who share the consensus that step-by-step diplomacy is dead; its past successes are questionable; and the future of the moderate Sadat government rests not only upon material support from the United States but upon continued momentum towards a Middle East settlement, including provision for the Palestinians as well as substantial territorial adjustment. If Sadat and his government should fall from power, the return of Egypt to the Soviet orbit is more likely than not.

Saudi Arabia

Of all Middle Eastern countries Saudi Arabia presents the most striking internal contrasts. Paradox is everywhere. Economic indicators boggle the mind. In 1974 the per capita Gross Domestic Product was nearly $7,000 and the annual growth rate 196 percent; but no Westerner, seeing the market squares of Riyadh or Jidda for the first time, can escape the impression of extreme poverty. The infrastructure is simply not able to absorb the tens of billions of dollars in oil revenues overnight, witness the forty-odd merchant ships waiting at anchor in the Red Sea off Jidda for up to five months to unload.

Saudi Arabia is one of the most moderate of Arab states in its approach to the Arab-Israeli conflict. It provides, usually in the form of cash grants, the financial underpinning without which Egypt, another moderate Arab state, would collapse into economic ruin. Yet in no Middle Eastern state will one find a more determined exception-free application of the boycott against Israel.

Politically, Saudi Arabia does not even make a pretense to democracy. There are no elections, no political parties, no legislature. The five and a half million Saudi people—an estimate which may or may not include a million or more Yemeni laborers—are ruled by a Royal Family of several thousand members. But a medieval political system does not prevent Saudi Arabia from maintaining its closest foreign ties with the Western democracies, particularly the United States.

The American connection has been close since the establishment of the desert kingdom in the 1930's, the Saudis having chosen the United States as a preferred commercial partner over Western European countries with the taint of past imperialist behavior in the Middle East. The connection is, however, undergoing some strain at present. Intimations by senior U.S. officials, in the wake of the 1973 oil embargo, that a military occupation of areas of the Persian Gulf was a policy option were not denied quickly or emphatically enough to suit the Saudis. Congressional action cutting off deliveries to Turkey of arms already purchased and the debate on the sale of Hawk missiles to Jordan raise doubts over American reliability as an arms supplier. Cases such as that brought against the Bechtel Corporation and anti-boycott legislation pending before the Congress have led some Saudi officials to believe that they are the principal target of such measures. Since they regard themselves as the most staunchly pro-U.S. and anti-communist of Arab governments, they resent this and tend to exaggerate the scope and purpose of the legislation.

That Saudi Arabia is economically important to the United States is incontestable, and a case can be made for its role in the strategic

balance. For all the ballyhoo over Operation Independence, projections indicate that the United States will be more, not less, dependent upon foreign oil imports in 1980. Where is it to come from? Iran and other major producers are at or close to peak capacity, at least in light crude oil. Only Saudi Arabia, with perhaps as much as 50 percent of the world's reserves, will be able to meet U.S. needs and those of Western Europe. Saudi Arabia is in a unique position among major oil producers. It literally cannot spend all of its income—in comparison to Iran, for example, which, partly because of falling demand for heavy crude, has overcommitted itself and is in budgetary difficulty. A consideration of approximate figures gives an idea of the power the Saudis can wield in the oil market. They are pumping approximately 12 million barrels a day, well below an estimated present capacity of 17 million a day. During the embargo of 1973 they cut to 7 million a day with easily sustainable losses in revenue. Some estimate that they could comfortably maintain a handsome economic growth rate on 3 million barrels a day.

Since for some years to come it will be virtually impossible for Saudi Arabia to spend its oil earnings on internal development, it is an encouraging prospect for the U.S. balance of payments that no Saudi official expressed concern over the present investment climate in the United States. Without favorable U.S. investment opportunities, the Saudis will be tempted in the future to yield to pressures from other oil producers, reduce oil production and invest "in the ground." After recent hearings in the Senate Committee on Banking, Housing and Urban Affairs, it was possible to assure Arab officials that the U.S. had no intention of altering its traditional open door policy toward foreign investment. One of the highest-placed said he had every expectation of Saudi increased investment in the U.S. We should continue to safeguard industries essential to national security from foreign control and maintain an open door to foreign investment. It is encouraging that, increasingly, Arab dollars are being held there in longer-term instruments. This expression of confidence is welcome, since it indicates a continued flow of Saudi capital and oil to meet U.S. needs. Legislation now pending to require stricter monitoring of foreign investment should not be constructed as hostile to such investment. It is worth noting here that expanded Arab investment in the United States is not against the interests of Israel.

As a market for U.S. exports, Saudi Arabia is no less important. Development projects over the next five years could generate import requirements of nearly $100 billion. (Although it is doubtful that this much could be absorbed if present rates are a measure.) The U.S. Corps of Engineers, which has been a feature of the Saudi development scene for decades, is now acting as middleman for construction contracts of $4 billion. It has been asked to take on an additional $11 billion.

It should be noted here that the role played by the Corps of Engineers gives a misleading picture of the military sales figures. A transaction in which the Corps of Engineers serves as contracting agent is processed under legislation governing Foreign Military Sales. In the case of seven letters of offer now outstanding (March, 1976) with a total value of $1.25 billion, two are Corps of Engineers port construction projects totalling $900 million. The much smaller share, $350 million, is for tanks, APC's, and other equipment to mechanize two

Saudi infantry brigades. The ratio of intrastructure and training to hardware is generally of this order in Saudi military purchases from the United States.

Much has been written about the spectre of an escalating arms race in the Persian Gulf area, to which the United States had made by far the most significant contribution. There are dangers in this development. Long overdue is the review provided for by the International Security Assistance and Arms Export Control Act of 1976 to assure that arms sales are consistent with foreign policy goals. Saudi Arabia is militantly anti-communist and anti-Soviet. As one of the more moderate of the Arab states, Saudi Arabia's effort to modernize armed forces which do not seem excessively large (e.g., an Army of 45,000), appears to be in keeping with U.S. hopes for stability in the area. (The share taken by national defense in the current five-year budget projection is approximately 16 percent.) There is a dilemma here for U.S. policy. Saudi Arabia does provide support to states and movements such as the PLO which are hostile to Israel. Therefore, any Saudi arms buildup in excess of its own needs should be regarded with suspicion and subjected to appropriate control.

To return to the boycott issue, discussion with Saudi officials suggest there may be some distance between principle and practice in the administration of the boycott regulations of the Arab League. Officials insist the boycott is not applied to firms which trade with Israel, but only to those which aid Israel. By aid is meant participation in development projects, the establishments of producing subsidiaries in Israel, or participation by members of corporate boards or management in Israel fund drives. The Saudis vehemently deny that the boycott has anything to do with race, religion, or ethnic background. However, it was pointed out to Saudi officials that in practice the system of blacklisting appeared to be much more arbitrary than claimed. Furthermore, the Saudis were told, the application of the tertiary boycott was an instrusion into the domestic affairs of the United States which no self respecting nation could accept. One Saudi official suggested pointedly that legislation making compliance with a tertiary boycott illegal could interfere with contracts for petrochemical contracts of up to $17 billion. He was reminded that at some point in the relations between nations, principle must rise above making a quick buck.

The same official maintained that the best way to end the boycott was to achieve a just and lasting peace in the Middle East. "That is why we help Egypt and urge the PLO to be moderate", he said. These sentiments were expressed by several Saudi leaders at the highest level, who alluded to changing trends in Arab policy. One said that Arab states are now prepared to accept the existence of the State of Israel, although they are not, for tactical purposes, prepared to announce this formally. Like others at the moderate end of the spectrum, the Saudis fear that continued stalemate will play into the hands of the Soviet Union and lead to increased Soviet presence, prestige, and influence in the area. Saudi suspicions of Soviet designs run deep. A leading official expressed his endorsement of all U.S. efforts, specifically including the expansion of naval facilities on Diego Garcia, to offset the growth of Soviet naval and military power in the Indian Ocean and on the Horn of Africa.

Syria

The eclipse of Egypt by the Sinai Accords and the civil conflict in Lebanon, temporarily halted at the time of the visit to Damascus by Syrian mediation and the movement into Lebanon of 6,000 Syria-based troops of the Palestine Liberation Army, have thrust Syria into a large role in Middle Eastern politics. The Syrian strongman, Hafaz Assad, President since the last abrupt change in government in 1970, holds many of the cards in the game at the moment. Questions of war or peace will depend upon how he plays them during the coming months.

—Will he agree to a renewal of the UNDOF mandate, due to expire at the end of May, retaining a U.N. force in the Golan Heights buffer zone? Most observers believe he will play out another cliff-hanger in hopes of extracting further political concessions. This tactic, in October 1974, helped win admission of the Palestinian issue to U.N. debate. Some think he may simply remain silent on the UNDOF, neither approving nor ordering the force out. This would increase tension and might lead to partial mobilization. Such mobilization would be more costly to Israel, where the calling up of reserves from the labor force is a severe strain on the economy, than to underemployed Syria. However, the Israelis have shown in the past that they will not long endure mobilization and a war of attrition without striking a decisive military blow. The Syrians do not want a resumption of full-scale war, for which they are unprepared, particularly since Egypt might sit on the sidelines.

—Will Assad, who at times exudes an almost imperial confidence, take any action towards the realization of the dream of a Greater Syria in union with Jordan? If there is no final solution in Lebanon other than partition, can it be ruled out that the Moslem half would be attached to Syria, leaving a small, rump Christian Arab state to survive as best it could? Unlikely, unpleasant, but not unthinkable. Such a uniting could pose new dangers to Israeli security.

—What will be his relationship with King Hussein? Summit meetings, the announcement of an intention to establish a common diplomatic service, and rumors of a joint military command have given rise to speculation that the two leaders may be planning a deal to restore Hussein's authority as spokesman for the Palestinians and might even propose to the Israelis a return to a Jordan-administered West Bank. This prospect is unsettling to the PLO leadership.

—What will be Assad's continuing relationship with the PLO? Will he insist upon a primary role for the PLO's Saiqa faction at the expense of Arafat's al Fatah? (The Saiqa, ideologically aligned with the governing Syrian Ba'ath Party, is drawn from the estimated half-million Palestinians resident in Syria.)

The man who must answer these questions is a tough, capable leader who, in conversation, is more articulate than one would expect from his taciturn reputation. His priorities are unmistakable. No peace, no final settlement without a complete Israeli withdrawal from all territories occupied in 1967. No Sinai-type accord, about which he is outspokenly bitter. While he remains a champion of the rights of

the Palestinians, his objectives for them are undefined. His objectives on the Golan are unequivocal. In any future multilateral negotiations towards an overall settlement, he can be expected to be one of the most obdurate of the Arab leaders. However, he does not exclude acceptance of an Israeli State, provided his stern conditions can be met. His explicit condition is implementation of Security Council Resolution 242. His interpretation of that Resolution requires Israeli withdrawal from all occupied territories and implicitly recognizes Israel.

Syria's relations with the United States have improved considerably since the shuttle diplomacy of 1974 thawed the post '67 deep freeze. A fully functioning Embassy was re-established in Damascus in June, 1974. Syrians, for whom even talking to Americans had been a sin, now seem to be enjoying the renewed association. Syrian leaders in the economic area hope for an expansion of U.S. trade. A dramatic increase in the past year was largely owing to the sale of Boeing aircraft. The U.S. ranks far behind major Western European countries in exports to Syria; France holds the lion's share.

The Deputy Prime Minister for Economic Affairs, Mohamad Hydar, claims to have sought participation of American oil companies in Syrian oil exploration and production for nearly two years but has signed contracts with only one small company. The Syrian oil industry, now pumping only 200,000 barrels a day, is expected to grow. Syria with a small, exportable surplus has recently applied for OPEC membership.

Syria's relations with the Soviet Union are the subject of controversy. The armed forces are Soviet-equipped and Soviet-trained. The number of Soviet military technicians serving in Syria is estimated at 3,000. (Cuban units, despite reports to the contrary, have long since departed.) The Soviet Union has underwritten massive development projects such as the Euphrates Dam. On the other hand, Syrian officials call their country an Arab Socialist State and insist that Arabs are culturally and historically opposed to communism. The Baathists in Syria seem more willing to subordinate a vague ideology to the imperatives of development than in Iraq. While ready to admit that the Soviet Union has consistently attempted to expand its influence in Syria, they claim this will not be permitted, pointing out the diminishing number of communists under Assad's rule. They argue that communists fare better in other Arab countries than in Syria. Said one, "No regime in Lebanon could punish communists the way we punish them here."

Even taking such statements with a grain of salt, a broadening of relations with Syria is in the interest of the United States through increased commercial activity and the continuation of a modest aid program. Such a policy is reminiscent of the "special Polish relationship" and other moves in Eastern Europe designed to provide proud nations with an alternative to total dependence upon the Soviet Union. The Syrians, like most, seek development and national identity. They will not willingly submit to foreign influence and, unlike some, take a pragmatic approach to economic relations with the West.

As for the plight of the estimated 4,500 Jews remaining in Syria, the chief form of discrimination is the denial of permission to emigrate. (They may travel abroad only with a pledge to return and the posting

of bond, are restricted in domestic travel and carry identity cards classifying them as Jews.) The Syrian Government, like others, takes the position that, to whatever country he may say he wishes to emigrate, a Syrian Jew may wind up as an immigrant to Israel. The Arab Government will not aid their enemy and they expect other nations, including the Soviet Union, to collaborate. There seems little likelihood that the Syrian Government will moderate this position until a Middle Eastern settlement is achieved, which would be a boon to Israel and to Jews residing in Arab countries and others. The Syrians, like the Israelis, do not wage war with "moderation."

Iraq

Although there had been hints from non-Iraqi Arab sources that Iraq might be softening some of its hard-line positions and was perhaps ready to see an improvement of political relations with the United States, there was no evidence of this in Baghdad. A visiting Senator is received with elaborate courtesies, such as a motorcycle escort and chauffered government automobile, but with chilly formality and not at the highest level. The best that can be said for prospects for improved relations is that the Iraqis are encouraging an expansion of trade with the United States. U.S. exports to Iraq have grown from a mere $23.3 million in 1972 to $284 million in 1974, advancing Iraq to fourth place among Arab markets for American goods and services. Several American engineering and aviation companies are resident in Iraq.

The United States and Iraq do not have diplomatic relations. A three-American officer U.S. Interests Section attached to the Belgian Embassy struggles to keep pace with the burgeoning commercial activity. This staff, like other diplomatic offices in Baghdad, functions under unpleasant conditions. To such physical hardship as summer temperatures which are claimed to be the highest of any capital in the world are added practices reminiscent of Balkan Communist countries during the Stalinist darkness of the 1950's. Recreational or business travel outside the city limits of Baghdad is by permission only—sometimes granted only after weeks of delay. The brutal interrogation of the local employees of diplomatic missions is not uncommon. In general, life in Baghdad is pervaded by an atmosphere of suspicion and distrust.

Economically, Iraq has a high potential. With a population of 11 million, water, arable land, and the largest oil reserves of any Middle Eastern country outside of Saudi Arabia, it may someday be a rich country. Crude oil production already stands at over two million barrels a day. But it is a country not easily governed, and the susceptibility of previous governments to overthrow by a succession of military coups d'etat has made the present regime subject to a paranoia which is not conducive to orderly growth. Fractious minorities and regionalism contribute to instability. The Kurdish rebellion has finally been stopped after an Iraqi-Iranian agreement ending Iranian support to the Kurds. Tens of thousands of Kurds are now believed to have been deported from the northern mountains to camps in the southern desert plains.

The Kurdish issue is an emotional one with Iraqi officials and may have as much to do with U.S.-Iraqi estrangement as does the Arab-Israeli conflict. Iraqis speak with bitterness about past CIA support

to the Kurds, described by American reports as having been directed by President Nixon in response to a personal request by the Shah of Iran. One senior Iraqi official asked sarcastically, "Are you sure your government is no longer thinking of overthrowing our government?"

Another minority, the Iraqi Jews, are believed to be suffering from discrimination and ill treatment, but details are sparse. Iraqi officials, with whom this issue was raised, claim that "only a few hundreds" remain of the approximately 150,000 Jews resident in Iraq before 1948. The property of those deported is "in custody," which presumably is tantamount to confiscation. In contrast to the practice in Syria, however, some exit permits have been granted within the past year, and the Iraqi Government has even invited departed Jews to return, with the promise that they will be treated like Iraqi citizens. There have apparently been no takers.

As far as Israel is concerned, Iraq takes by far the hardest line of any Arab country visited. On the Palestinian question, Iraqis, more so than other Arabs, sound less compromising than the Palestinian leaders themselves. Senior Iraqi officials in private conversation make such statements as "We see no reason for Israel to continue to exist", and "Israel should be cut down to its right size; then they would have to seek a peaceful solution".

Although there has been some improvement in relations with most neighboring countries, the governing Ba'ath Party in Iraq and the Ba'ath Party in Syria are still at sword's point, adding an ideological quarrel to traditional friction over such matters of dispute as the sharing of the waters of the Euphrates River. Such quarrels add to Iraq's isolation from the main stream of Arab foreign policy. The Iraqis are more ideological, less pragmatic, than others, but eager to acquire political stability and national identity with the aid of imports from the West.

Relations with the Soviet Union might be described as close but uneasy. Heavily dependent upon Soviet weapons with which to equip its forces, the government has had to deal gingerly with the Syrian Communist Party, the only group with pretentions to political rivalry to the Ba'athists. Iraq must be regarded, along with Syria and the People's Democratic Republic of Yemen, as a Soviet foothold in the Middle East. But unlike Syria, where there is room for U.S. diplomatic maneuver, Iraq offers little prospect for a consequential increase in American presence and influence in the near future. There is hope for expanded commercial exchange which would require an increase in the number of commercial officers for the overworked staff of the U.S. Interests Section in Baghdad. The United States is nowhere near holding its own in this lucrative market in competition with the British, French, Germans and Japanese.

Iran

U.S. ties with Iran, the most powerful country on the Persian Gulf, have been extensive since the years immediately following World War II. Steps taken then by President Truman are credited with rescuing Iran from the encroachment of Soviet imperialism. A few figures will help to give proportion to the scope of American involvement in Iran.

—U.S. business investment in Iran is well over $1 billion.

—Exports to Iran in 1974 were $1.3 billion; in 1975, an estimated $3.2 billion. Two-thirds were civilian and one-third military.

—There are over 1400 Defense Department personnel in Iran, including TAF training teams for U.S. military equipment and a 200-man Military Aid Advisory Group.

—Iran is the world's second largest exporter of oil. Although the U.S. share in the Iranian oil marketing consortium (35%) is not as large as that of the Western Europeans, a cricital 11% of U.S. imported oil is from Iran. This source was particularly significant when Iran refused to join the Arab oil embargo in 1973.

—There are 15,000 Iranians studying in the United States.

In a country in which oil represents 93 percent of export earnings and 75% of all budgetary expenditures, any pronounced fluctuation in oil production schedules is bound to cause shock waves throughout the economy. A recent fall in world demand has halved the liftings of heavy crude: a million barrels a day in December, 1975 as compared to 2.2 million in December, 1974. This drop has not been compensated by an offsetting increase in light crude liftings. In December these had risen only to 2.26 million barrels a day from 2.2 million the previous year.

The Iranian Government has, as a consequence, been forced to engage in serious belt-tightening, cutting back on some development projects and the military program while running a current budget deficit of $2 billion. Iranian officials are at odds with the consortium over the drop in heavy crude liftings and are loathe to accept the argument that the drop in demand for crude is attributable to market sensitivity to high prices and to continuing recession in the industrialized countries—a recession to which high OPEC prices made no small contribution. The Iranians charge the consortium with failure to meet legal commitments. One very senior official insisted that the oil majors should be shifting purchases of light crude from the Saudi Arabians, who could not spend the money, to Iran, whose 33-million population not only need the money but could spend it. (Less senior officials expressed amusement at this line of reasoning, as they maintain that Iran is already pumping light crude at close to capacity.)

Iranians are well armed with defensive arguments in any discussion of pricing policy. They cheerfully maintain that the establishment of the $11.51 OPEC marker price was an act of wise and far-seeing statesmanship for which the world should be duly thankful. The line of reasoning can be summarized as follows: oil and natural gas are exhaustible resources. At present rates of depletion Iran's oil will not last more than about 25 years. Oil and gas should not be squandered in the production of energy. They are the basis of a petrochemical industry for which there are no substitute raw materials. $11.51 a barrel is close enough to the margin to encourage the substitution of other sources of energy (coal, nuclear energy) and research into new sources (solar, nuclear fusion). The Iranians insist that the contribution of rising energy costs to inflation has been greatly exaggerated. The cost of energy as a cost of production, they say, is only 10% for cement, aluminum, and glass, as low as one percent for other important manufactures, and so on.

In sum, high oil prices are good for you, say the Iranians, despite the evidence that they are the most important factor in the inflation and recession of the last several years. Significantly, there was no in-

dication from Iranian officials that they were planning to press for another round of price increases in the foreseeable future. This is perhaps the result of the falling demand for heavy crude, which has made the Iranians more open-minded about supply and demand factors. They also conceded that more study was necessary in order to determine the effects of energy prices on rates of inflation and levels of industrial activity.

Ambitions for a nuclear energy program in Iran flow naturally from this line of reasoning. The original plan for 20 large nuclear power plants, while it may be considerably scaled down by budgetary reductions, is unequalled in any developing country. Such a program naturally gives rise to concern over the dangers of nuclear proliferation in an unstable area. Not far to the east another developing country, India, only recently joined the Nuclear Club, frightening the world with a "peaceful" nuclear explosion designed to do just that.

A discussion of the proliferation question with Iranian officials is a measure of the difficulty of finding persuasive arguments against it.

Question. Why not use natural gas for energy? You have an unmarketable surplus and it would be cheaper.

Answer. Enormous quantities of gas will be required for the secondary recovery of oil and other internal needs. Besides, gas is not an inexhaustible resource and it can be put to other valuable uses, such as fertilizer manufacture.

Question. Is an expensive nuclear energy program justified in a country in desperate need of roads, schools, hospitals and other social infrastructure?

Answer. We must be the judge in such decisions. It takes twenty years to develop an extensive nuclear energy program, not so much because of construction lags but because of training requirements to master the technology. We are running out of hydrocarbons and must develop substitute energy sources. Fusion and solar energy are years away. Fission is here. We have the funds to pay for it now.

Question. Are you not concerned about nuclear proliferation?

Answer. Why is the United States so concerned about the Iranian program? We have ratified the nuclear proliferation treaty and have publicly announced that our program is related to energy only. Besides, if we were interested in weapons we would not be buying large light water reactors. This is too costly a method of producing plutonium. If we were interested in weapons, we would buy a couple of small heavy water reactors. If we cannot expect an attitude of confidence from the United States, we will have to turn to other suppliers.

A balance will have to be struck between the legitimate aspirations of an industrializing nation and the need for fool-proof nuclear safeguards. Surely a case can be made, without offending the Iranians, for extreme prudence on the part of American representatives negotiating fuel contracts and other commercial nuclear agreements. One important issue with which U.S. policy makers will have to deal is the question of future regional reprocessing centers for nuclear fuel. Our own domestic policies on reprocessing will need considerable fleshing out before we can present to Iran or any other South Asian or Middle Eastern country a serious proposal for a regional processing

center in that area. As it is now, the U.S. is pressing the Iranians to agree in conjunction with reactor purchase to a regional reprocessing proposal it cannot define.

A still more contentious question in the security field is that of conventional armaments. The United States is by no means the only supplier of arms to Iran, but it is the principal supplier and the source of the most expensive and sophisticated military hardware. The Iranian Air Force is 100% U.S.-origin.

Iran is the largest market anywhere for U.S. weaponry. Deliveries and uncompleted contracts since January 1972 are on the order of $10 billion, with nine billion more in purchases under active consideration. Individual items include the most advanced aircraft in the U.S. inventory, the F–14, and the Spruance class destroyer, with a price tag inflation is pushing towards half a billion dollars a copy.

Why F–14's? Why Spruance destroyers? Why the build-up of a military force unequalled in the Middle East? There are ready answers to be had at the highest level in Tehran:

—Russian imperialism leaves Iran no choice. Consider the surrounding terrain. Iraq is armed with MIG 21's, 23's and possibly 25's.

—The Russians are encouraging a secessionist movement in Baluchistan which could create for Iran the dangers of irridentism among the Baluchi population.

—Afghanistan is moving towards total Russian domination and has claims to Pushtunistan.

—Pakistan is a reliable friend but out-gunned ten to one by India. Iranian officials seem to believe that it is only a question of time before India ends up in the Communist camp.

—Russia is acquiring political leverage which it can use in a multitude of ways. It has established itself at UM Qasr at the head of the Persian Gulf in Iraq, in South Yemen and at the mouth of the Red Sea, Somalia, and elsewhere in Africa, establishing a ready noose around the vital oil supply area, while the United States stumbles and equivocates over Angola.

—Iran is a great power, the strongest in the Middle East, and—as a power which maintains correct relations with Israel and most of the Arab states—a force for stability.

—Therefore why should the United States see a strongly armed Iran as anything but a strategic advantage? And why should the United States value Iran any less than it does its European allies? The U.S. must depend not only on its Atlantic alliance but also on regional sources of power.

Incontestably, Iran is playing an important role in the strategic equation. It does indeed provide a counterbalance of pro-Western strength in the Middle Eastern and South Asian area. Much is made of the importance of controlling the sea lanes to assure the flow of oil to the West in time of tension or actual conflict. Military experts estimate that the Strait of Hormuz, between Iran and the Sultanate of Oman, at the neck of the Persian Gulf bottle, could be effectively blocked by the sinking of one large or two small tankers. It would be hard to find any body of water more strategically important than the Strait of Hormuz, through which passes well over half of all the oil destined for Western Europe and Japan. It might have been men-

tioned, too, though it was not, that Israel depended on Iran for 50% of its oil even before last year's return of the Abu Rudeis fields to Egypt. Presumably this percentage would now be still higher. Any potential for interdicting oil supplies will carry with it a leverage comparable to that which accompanies the most violent and explosive means of interrupting human life and commerce. Arab producers were the first to use the oil weapon—but oil producers and consumers alike are dependent on its transportation, which is vulnerable by land and sea.

It may be that the nations of this region are sensitive to Soviet intervention because they understand that Russian imperialism preceded Russian communism. The new U.S. commitment to sell food to the Soviet Union for five years irrespective of Russian conduct in the Middle East or anywhere else is disquieting, to say the least.

With the Saudis and Iranians, Russian Communism, as well as Russian imperialism, is a source of anxiety. One disturbing aspect of Iran's new status as a major military power is not so much what is going on outside the country as what may be going on inside it. Whatever may be said about its reliability as a staunch friend, Iran is scarcely an example of a free and untrammeled democracy. One-man rule has been so long-established in Iran that we are given to speak of our relations as being "with the Shah", as if His Imperial Highness, like the Saudi King, were the embodiment of the national ethos, the national will, and the national body politic. The Iran which is to emerge post-Shah is as murky a place as the world beyond the Pillars of Hercules as seen by the ancients. It is hard to believe that this modern state with its western exposure and little legal outlet for dissident expression can long endure without some sort of explosion. And here, as elsewhere in the Middle East, it takes less than an explosion to turn over a government. Among the 15,000 Iranian students in the United States there are bound to be many who have become infected with fractious democratic ideas. It is disturbing that no one seems to know what is behind the acts of terrorism which require American government employees to ride about the streets of Iranian cities protected by armor plating and bullet-proof glass. The Iranian press ascribes all terrorism to Soviet or Iraqi meddling, perhaps rightly, but without substantiation. Bullet-proof glass and special security measures have become standard for senior American representatives in other capitals visited, but there the potential assassins and kidnappers are more easily classified.

These are the kind of cautionary thoughts which gave rise to the legislation providing for tighter controls over military sales. Such enormous weapons transactions, as in the case of those with Saudi Arabia, must be in keeping with U.S. policy objectives which take into account all of the risks of escalating armament in an explosive area. It would appear that Iran's internal and regional security requirements could be met with less sophisticated weaponry more in line with its human and financial resources. The government appears to be moving in that direction.

Israel and the Palestinians

The Arab-Israeli conflict, like most, is the sum of its parts, the most significant of which are: The Sinai, the Golan Heights, the West Bank (plus Gaza), Jerusalem, and the Palestinians. The first—and least

contested—of these has been partially resolved, although the wisdom of taking the easiest step in isolation from the others is open to question. Other territorial adjustments are at least theoretically feasible. It should not be beyond the wit of man to devise a formula by which Israel might withdraw to its pre-1967 frontiers with appropriate adjustments, *provided* (the all-important *provided*) this could be done on the basis of acceptable guarantees to Israeli security. The status of Jerusalem is thornier, although the placing of East Jerusalem and its Holy Places under some form of international administration is not inconceivable.

But when one comes to the Palestinians, the imagination falters. They are the central problem of the Middle Eastern confrontation. They will not go away. In trying to come to grips with the scope of the Palestinian issue, it is worth making some comparisons with other forced mass movements of people in the aftermath of World War II. With the shifting of the borders of present-day Poland from East to West, some tens of thousands of Poles were forced to evacuate their homes in Lwow, Vilno and other formerly Polish cities and resettle within Poland's new frontiers. At the same time a million or more Germans trekked West at gunpoint from Silesia, Pomerania, and East Prussia to West Germany. The cost in human suffering was enormous. The dispossessed formed a voting block which prevented any movement in the Eastern policy of the Federal Republic of Germany for a generation. But by the end of a generation these refugees were thoroughly integrated into their new surroundings, and their children have not inherited enough bitterness to sustain an irredentist or revanchist movement. As a "problem," the disposition of these Central European refugees has ceased to exist.

This outcome, it must now be assumed, was what the Israelis must have hoped would be the solution to the Palestinian Arab refugee problem: they would simply be absorbed, digested and assimilated, over time, by the countries to which they had fled. They were all Arabs, after all, and had no cultural or linguistic barriers to scale.

For a number of reasons it did not work out that way. The extreme rural poverty of the surrounding Arab countries did not provide much elbow room for new agricultural settlers, and there was little or no industrial employment to offer. Most significantly, Israel's hostile neighbors made it a policy to refuse to assimilate all the refugees and insisted that many be held in camps, where they were maintained at a hand-to-mouth level of subsistence by the United Nations Relief and Works Agency. (An exception was Jordan. Camps were established, but many refugees were granted Jordanian citizenship.) After more than a quarter of a century, over 650,000 of the estimated three million who call themselves Palestinians are still living in these camps, held hostage to the persistent intractibility of the Arab-Israeli dispute. A visit to a Palestinian school is a chilling reminder that the torch is being passed, undiminished, to the next generation. Wall posters proclaim the glories of guerrilla warfare, classroom songs are on themes of militant revenge, and textbooks dish out al Fatah doctrine along with the three R's.

The argument that innocent Palestinians are paying an inevitable blood price for the sins of the Arab leaders who tried to strangle the infant state of Israel in its cradle, just as the refugees of Central Europe paid for the sins of the Nazis who made war on the rest of Europe, is not without validity but is irrelevant to a solution of the

problem. The Palestinians are there. They are not going to go away. They consider themselves a nation. They are becoming increasingly well organized.

Most significantly, the Palestinian cause, which used to be generally regarded as a refugee problem, has during the past year or two acquired the status of a cause of nationhood and has attracted worldwide attention, most of it sympathetic. There are several reasons for this. First, the oil-rich Arab states are now providing the Palestinians with a considerable amount of financial underpinning. Second, the 1973 war and subsequent oil embargo forced the Arab world, Palestinians included, upon the Western consciousness in a new and urgent way. Third, a decision at the Rabat Arab Summit in 1974 deprived King Hussein of his role as international spokesman for the Palestinians and bestowed it upon the Palestine Liberation Organization. The Palestinians are now represented by Palestinians. Fourth, the Palestinian leadership appears, at least for the time being, to have renounced terrorism as an instrument of policy, thereby winning favor among those willing to forget the horror of Munich and Lod. Fifth, the intervention of the Palestinian Liberation Army in Lebanon has won for the Palestinians a tenuous claim to greater authority. Sixth, the 1973 war, although another Israeli victory, is played up in most Arab quarters—particularly in Syria—as an Israeli defeat. However it should be interpreted, it damaged Israel's reputation for invincibility and convinced many, including staunch friends, that time is no longer on the side of the Israelis and that Israel should be seeking a permanent peace through concession to Arab claims, those of the Palestinians included.

The third point above, the question of who represents the Palestinians, is the subject of protracted debate. Most Israelis dismiss the Palestinian Liberation Organization as a motley gang of terrorists, quarreling incessantly among themselves, with its principal element, al Fatah, owing its survival to the active support of the Soviet Union.

The President of the National Council of the PLO, Khalid al Fahoum, in an hour's conversation described PLO organization in terms designed to establish its representative and democratic legitimacy. The present National Council, the Fifth, constituted in 1971, has 187 members distributed as follows:

I. Fedayeen (Commando) Organizations (Elected from within the organizations themselves):

Al Fatah (Arafat)	33
Saiqa (Syrian based)	12
Popular Front for the Liberation of Palestine (George Habash)	12
Democratic Popular Front for the Liberation of Palestine	8
Arab Liberation Front (Backed by Iraq)	8
Popular Front General Command	3

II. Trade unions:

Palestinian Labor Union	13
Teachers	7
University students	7
Women's associations	4
Engineers (representing over 27,000 Palestinian engineers)	2
Jurists (judges and lawyers)	2
Minor Syndicates (each)	1

III. Palestine Liberation Army: (Representatives appointed by Commander-in-Chief), 6.

IV. Independents: (The Independents make up the balance and are the majority of the Council. According to Fahoum, they are designated either because of their superior educational background or because of their influential position in the refugee camps.)

The PLO Executive Committee, consisting of 14 members elected at each semi-annual meeting of the National Council, lays down policy guidelines and ratifies the budget. The Executive Committee elects its chairman, now Yasser Arafat, from its own membership.

So much for what the PLO leadership says about its own organization. It is scarcely a closely knit group, since some of its better known figures, such as George Habash, often break with the parent PLO on important matters of policy. However, PLO critics who claim that it is unrepresentative of the Palestinians are unable to come up with a substitute. The PLO may be distrusted, disowned and despised, but it is a reality, if for no other reason than that it has no rival organization among Palestinians. As long as this reality persists, it will have to be reckoned with in any future multilateral negotiating process.

Since the PLO, by the admission of its own leaders, does not speak with one voice, Palestinian objectives are subject to broad definition. The most demanding or maximalist among them want not only a Palestinian state in the West Bank and in Gaza but also the establishment of a binational "secular state" in Israel itself. This state would be open to immigration by returning Palestinians who would enjoy an equal share in the state's administration. Any Palestinians choosing not to return to their homes would be compensated for lost property.

This solution would mean nothing more or less than the dissolution of the State of Israel as it now exists. "Secular state" is shorthand for the achievement by non-violent means of the objectives of those militant Arabs who still shout that Israel must be swept into the sea.

More moderate shadings of Arab opinion are difficult to define. One would hesitate to designate Yasser Arafat, al Fatah's leader and chairman of the Executive Committee of the PLO, a moderate, since his character has been stamped, in American public opinion, by his guntoting appearance in New York. Let it suffice to report that in a long conversation in Beirut he appeared to be making every effort to represent himself as a reasonable man. If his statements are to be taken at face value, always a risky assumption in this emotion-charged area. he is at least less immoderate than others in the PLO. Leaders of neighboring Arab states, such as the Syrians, take tougher positions than Arafat.

In one newspaper account (Appendix B) by an enterprising reporter who evidently drew upon sources within the Executive Branch in Washington, an approximation was published of a suggestion by Arafat during the conversation to break the impasse which prevents the resumption of a multilateral negotiating process. (The suggestion, it was subsequently learned, was not an altogether new idea.)

The details are not as significant as the reaction to this episode from both sides. The Palestinian news agency, WAFA, denied the report altogether. The Israelis were careful not to show the slightest curiosity about it.

What does this incident say about the future of any such proposal for the solution of the Palestinian problem? Arafat's representatives evidently felt obliged to repudiate it because it was too moderate; Arafat cannot afford to appear less tough than those who may be challenging his leadership of the PLO.

The Israeli response is indicative of the apprehension with which many regard the ascendency of the PLO in Arab affairs. It is not difficult to understand this concern. The only Palestinian state on

the West Bank which would not pose a serious threat to the security of the State of Isreal would be one limited to the present Arab residents, preferably in some sort of union with Jordan and under Hussein's control. In Jerusalem one hears sympathetic talk of the friendly, peaceful, conservative Palestinians in Nablus, Hebron and other West Bank cities and of the pleasant relationship they enjoy with Israeli authorities. ("You'd be surprised at how few police we have to keep there".)

With few exceptions, most moderate Israelis rule out any solution other than a reversion of the 650,000 "tame" Arabs on the West Bank to Jordanian control, with some form of semi-autonomous status within a Jordanian-Palestinian state for Palestinians on both the West and the East Banks of the Jordan. (West Bankers retain Jordanian citizenship.) A good number of the 350,000 Palestinians in Gaza might be prepared to link up with this entity in return for Jordanian citizenship, as they are denied Egyptian citizenship. Immigration would be restricted by the West Bankers themselves; they would not be eager to grant elbow room to an enlarged population.

So runs this approach. Many Israelis now regret that their government was not more receptive to offers from Hussein along these lines during the 1967–74 period. Israeli obduracy is believed to be at least partly responsible for Hussein's loss of authority among the Palestinians and for the Arab decision at Rabat to pass his mantle to the PLO.

It is now the Israeli position to have nothing whatever to do with the PLO and to refuse any consideration of an independent Palestinian third state between Israel and Jordan. They fear such a state would be a breeding ground for irredentism and Fedayeen military operations designed to dismember Israel. They also fear public reprisals against those who take a moderate line. It is ironic, but not unusual; a democratic government is hemmed in by the immoderate and passionate sentiments of a minority. Israel's settlements in the West Bank and Golan Heights are defended angrily in public—not at all in private.

So the Israeli leadership says giving the West Bank to the PLO would be an act of national suicide. It may be right. The tragedy is that continued stalemate over the Palestinian question will sooner or later lead to another outbreak of full-scale war. As Israeli analysts said, the military balance is shifting the wrong way. But war in the Middle East is easier than peace.

Some Conclusions

If there is a single message to be found in the foregoing observations, drawn from a day, or two, or three in each of six Middle Eastern capitals and Tehran, it is that there are no ready answers to any of the policy questions in this politically complex, economically rich, and emotionally charged area of the world. Step-by-step diplomacy has run its course. The impasse has resumed. Each of the parties assumes that time is on its side. Each is probably wrong.

Both sides can lose should there be another round of fighting, and always lurking in the wings is the brutal threat of Great Power confrontation. One of the end-products of step-by-step diplomacy has been to raise the level of American commitment in the area and to limit the options as tension heightens. A continued impasse favors

radical elements and increases the opportunity for Soviet exploitation of a mounting crisis. A new constellation of forces, disturbing in its implications, is emerging.

—President Sadat, a moderate, has lost his position of leadership in the Arab world. If he and his government are to survive, he will have to show concrete achievement as a result of the Sinai gamble. His ties to the Soviet Union are cut. For some of his needs he is relying upon the United States. If he fails, he will be replaced by more radical leadership. Egypt's return to the Soviet orbit will then become more likely.

—Syrian President Hafez Assad has been pushed into the ascendency by the Sinai Accords. His sphere of influence now includes Lebanon.

—The influence of King Hussein, another moderate, is correspondingly diminished. He and Assad are currently engaged in cooperative maneuvering the implications of which are not at all clear.

—The Palestinians are by general agreement the nub of the problem. Although badly divided, they have steadily increased in numbers, economic and military strength, and seriousness of purpose. They cannot be left out of any Middle East settlement. Their lack of unity is reflected in the lack of unity within the top ranks of the PLO, but there is no organization other than the PLO with a broadly recognized claim to represent the Palestinians.

—The rich Arab states of the Gulf can provide almost limitless financial support to any movement they choose and are now capable of throwing military power onto the scales as well.

—Israel, as always, bears heavy burdens, and looks to the United States to assume over $1 billion of a $2 billion budget deficit by writing off repayments for arms deliveries, as well as by maintaining the flow of support through bond subscriptions and other massive private efforts by the Jewish community. An Israeli government with a precarious majority is too weak to prevent certain actions by Israeli citizens which are highly provocative to the Palestinians, such as the establishment of new settlements on the West Bank. The Sinai Accords are unpopular in Israel, and the government is accused of giving up Sinai oil and strategic passes in exchange for Egyptian commitments, such as rights of Suez Canal passage for Israeli cargoes, which can be revoked at any time. Even the modest, indeed almost meaningless, proposal that the United States, on Israel's behalf, sound out in neighboring capitals the possibility of a "termination of the state of war" touched off a heated debate in the Israeli Cabinet.

Time is running out—again. It is widely believed the United States is paralyzed by its election and Israel will be paralyzed by its own elections in 1977. It would be tragic to let this happen. A new order of statesmanship is required from both the Executive and the Legislative Branches. For too long Congress has meddled or gone along without any real understanding of Middle Eastern politics. Neither the United States, nor Israel, nor any of the Arab states will be served by continued ignorance or the expediencies of election year politics.

A way must be found to harness the common interests of all of the people of the Middle East to the search for peace. All of them, Arabs as well as Israelis, value national independence. All fear Soviet influence or, as some would put it, Russian imperialism. All attach a

high priority to internal development. (Even the Iraqis took pains to suggest that political and commercial relations are separable.) Continued hostilities are inconsistent with the aims of all states for independence and their own national development. It is hard to see how anyone benefits from continued political instability in the Middle East, except possibly the Soviet Union.

The views of respected authorities who regard the option of war as the only way out are deeply depressing. They see a war as perhaps better sooner rather than later because the level of potential violence only increases as arms are perfected and stockpiled. Such a war would, according to this argument, bring the United States and the Soviet Union so frighteningly close to the brink that they would accept the alternative of enforcing a dictated peace upon the conflicting parties.

The attitudes of the Soviet Union are not a matter of public record. It may see its interests as best served by continuing instability in the Middle East. It may also see that such instability will inevitably lead to a confrontation with the United States which would serve no one's interests. Soviet performance should be viewed within the context of détente. Its interests can be well served by playing a constructive role in the Middle East. It can enjoy the benefits of détente if it begins in this part of the world to accept the responsibilities of détente. One of the difficulties with the Sinai Accords was the virtuoso role of the Secretary of State which accompanied its formulation. Soviet sensibilities, bruised then, could be assuaged by a role with the United States in the formulation of a negotiating process and the principles to govern an overall settlement.

It is an avenue which should be explored. If the Soviet Union should agree to a joint search for a settlement in the Middle East, it should be possible to develop an agreement on the general principles of such a settlement and the multilateral process for reaching it. If a return to the Geneva Conference should be blocked by quarrels over Palestinian representation, then the questions of representation might be left to negotiation. But the other elements of a settlement, including Israeli withdrawals and guarantees of territorial integrity, are capable of rough definition in principles for negotiation.

All parties to the decades-long Middle Eastern conflict have something to gain from a negotiated solution, whether the objectives are guaranteed national security, the lifting of embargoes, freedom of trade and navigation, freedom of emigration, recovery of occupied territory, a homeland, or unrestricted access to places of worship. The United States, deeply and inextricably involved in the conflict since the establishment of the State of Israel, has its own stake in a settlement—a much more important stake than oil or export markets. Americans may not see the issues as those of life or death, as they are seen by the direct participants in the confrontation, but another Arab-Israeli war risks the danger of war with the Soviet Union and virtually assures a depression in the West. This is the fatal direction in which a continued Middle Eastern impasse leads us.

Appendix A

Partial List of Officials and Others Seen

Egypt

Vice President Hosni Mobarek.
Foreign Minister Ismail Fahmi.
People's Assembly Speaker Sayed Marei.
Deputy Speaker Gamal Oteify.
Zakariyya Lutfi Gomaa', Chairman, Foreign Relations Committee.
Ali Hamdi al Gamal, Chief Editor, *al Ahram.*
Mousa Sabri, Chief Editor, *al Akhbar.*
Muhsin Muhammad, Chief Editor, *al Gumhuriyya.*
Muhamad Heykal, former Chief Editor, *al Ahram.*

Saudi Arabia

Crown Prince Fahd bin Abd al-Aziz Al-Sa'ud.
Ahmad Zaki Yamani, Minister of Petroleum and Mineral Resources.
Dr. Abd Ar-Rahman bin Abd al-Aziz Al ash-Shaykh, Minister of Agriculture and Water.
Dr. Sulaiman Abd al-Aziz al-Solaim, Minister of Commerce.
Dr. Ghazi Abd ar-Rahman al-Qusaibi, Minister of Industry.

Syria

President Hafez al Assad.
Mohamad Hydar, Deputy Prime Minister for Economic Affairs.
Dr. Mohamad al-Imadi, Minister of Economy and Foreign Trade.
Dr. Adnan Mustafa, Minister of Petroleum and Natural Resources.
Ambassador Hamoud as-Shoufi, Department of American Affairs, Ministry of Foreign Affairs.
Haytham Kaylani, Director of International Organization Affairs, Ministry of Foreign Affairs.
Dr. Ahmad al-Rajal, Director of the Central Bureau of Statistics, Prime Ministry.
General Jebrael Bitar, Syrian Army.
Mazin Zuwayn, Ministry of Foreign Affairs.

Iraq

Sadoun Hammadi, Minister of Foreign Affairs.
Tayib Abdul Karim, Minister of Oil and Minerals.

Iran

His Imperial Highness Shahanshah Mohammad Reza Pahlavi.
Abbas Ali Khalatbari, Minister of Foreign Affairs.
Jamshid Amouzegar, Interior Minister.
Dr. Akbar Etemad, Director for Atomic Energy.
Hassan Ali Mehran, Governor, Central Bank.
Dr. Jafar Nadim, Under Secretary for International Organization Affairs, Ministry of Foreign Affairs.

Israel

Yitzak Rabin, Prime Minister.
Yigal Allon, Deputy Prime Minister and Minister of Foreign Affairs.
Shimon Peres, Minister of Defense.
Gershom Schocken, Chief Editor, *Haaretz.*
David Ben-Dov, Deputy Director, North American Division, Ministry of Foreign Affairs.
Professor Mordechai Abir, Hebrew University.

Palestine Liberation Organization (in Damascus and Beirut)

Khalid al Fahoum, President, National Council of the PLO (accompanied by al Sittah, Member PLO Executive Committee).
Yasser Arafat, Chairman, Executive Committee.
Farouk Qaddoumi, Director of Political Department.

[From the Washington Post, Feb. 28, 1976]

Appendix B

Mideast Proposal Offered—Arafat Urges Occupied-Area Buffer Zones

(By Don Oberdorfer)

Palestine Liberation Organization leader Yasser Arafat has proposed that Israel create new United Nations buffer zones in two occupied Arab areas as the first step toward a Middle East peace conference and recognition of Israel's right to exist.

The Arafat plan, which appears to be considerably more moderate than the formal position of Arab states, was broached to Sen. Adlai E. Stevenson (D.-Ill.) in a Beirut meeting during Stevenson's just-completed Middle East tour. After the discussion, Stevenson took the plan to Israel and the United States.

According to Stevenson, there was little interest from Israel, which "rejects out of hand any negotiation with the Palestine Liberation Organization [PLO] even if it were on the best terms." U.S. officials studying Arafat's idea would not comment on its merits or chances.

Previously, the PLO has not been willing to recognize Israel's right to exist. Its traditional goal has been a secular state of Christians, Jews and Moslems in all of Palestine, including the present area of Israel. In recent months it has hinted that it would settle for a separate Palestinian state alongside Israel.

Stevenson evidently did not ask Arafat about the ultimate future of the territory to be placed under United Nations auspices in the plan he suggests.

Stevenson, in an interview, would only hint at the details of the Israeli "unilateral signal" that Arafat suggested. Other sources said the plan was for Israel to permit joint Israeli-United Nations administration of buffer zones contiguous to Israel in the West Bank and Gaza, and turn over the remainder of those two occupied areas to the United Nations.

If Israel makes this first move, Arafat indicated, the PLO would then recognize Israel's right to exist, which could break the Israeli-PLO deadlock and lead to a general peace conference at which the seemingly intractable issues of the Middle East could be settled.

Stevenson declined to characterize Arafat's suggestion as a "hard proposal" but called it "an offer." The PLO leader "wanted to get this around," the senator said.

He added that he was told by Arafat and his aides that the plan is a new one. Stevenson said it had been broached previously by PLO leaders to Egyptian President Anwar Sadat.

Syrian President Hafez Assad, who is now crucial to diplomatic movement in the Middle East, was reported by Stevenson to be "hard as nails" on complete Israeli withdrawal from occupied areas as a precondition to negotiations. But Stevenson saw the Syrian leader before meeting with Arafat. The senator quoted Arafat as saying Syria would go along with his plan.

Officially, most of the Arab countries favor an independent Palestinian state on the West Bank and Gaza as the solution to the knotty Palestinian problem. Stevenson said, however, that privately leaders of some Arab countries have doubts about a separate PLO-dominated Palestinian state.

In conversations during his trip, "officials in all Arab states except Iraq acknowledged privately the right of Israel to exist," Stevenson said. However, there are preconditions, such as withdrawal to pre-1967 boundaries, he said. Stevenson visited Egypt, Saudi Arabia, Syria, Lebanon, Iraq, Iran and Israel during his 16-day trip, seeing high officials in every place.

Since his last journey to the Middle East prior to the October 1973, war, "the situation has deteriorated and become more complicated," the senator said. He said war in the area is "a possibility" as early as late May, when the mandate expires for United Nations forces in the Golan Heights. Stevenson rated the chances for either a war or a general diplomatic settlement at less than 50-50 during 1976, however.

In Egypt, Stevenson found the Sadat government so weakened that "the U.S. is being pressured to provide financial and economic assistance and military sales in order to save Sadat." He said Sadat has heart trouble and that his government's stability is "very much in question."

One potential source of trouble is the Egyptian armed forces, which were hurt by the breakdown in relations with the Soviet Union. Soviet Mig engines have burned out, limiting Egyptian air force officers to six hours of flying per month, Stevenson reported. He said Peking has agreed to give Egypt 20 engines.

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